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MEMORANDUM

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AZ CORP COMMISSION
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TO: Sonn Ahlbrecht, Rate Analyst II
Utilities Division

FROM: Dorothy Hains, Utilities Engineer DH
Utilities Engineering Division

THRU: Del Smith, Utilities Engineer Supervisor DS
Utilities Engineering Division

DATE: February 1, 2001

Arizona Corporation Commission

DOCKETED

FEB 01 2001

DOCKETED BY	
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**RE: THIM UTILITY INC. E & T DIVISION, DOCKET NO. W-03293A-00-0600 (RATE INCREASE APPLICATION)
DATA REQUESTS DH-1 THROUGH DH-4
ADDENDUM**

On December 11, 2000, Staff docketed a memo stating that our estimate of \$64,741 should be used for the line replacement/repair job instead of the Company's requested \$131,784.

After further consideration of this matter Staff has determined that it would be reasonable to increase our estimate of \$64,741 by \$37,072. Staff's adjustment is based on consideration of correspondence from the Company in which the Company stated the majority of the trenching had to be excavated by hand using a pick, shovel and a 40-pound bar. The increase of \$37,072 was calculated using \$12 per foot (derived from the Company's original estimate) and multiplying it times 3,079 feet. Added to this result is an additional \$124 to correct for an earlier computational error (the \$64,741 amount should have been \$64,865). The footage amount (3,079 feet) is based on the Company's statement that the majority of the entire pipe work was labor intensive requiring hand digging. Staff's estimate uses 50% of the Company supplied figure of 6,158 feet of pipe work including 1,902 feet of 6-inch, 4,119 feet of 4-inch and 137 feet of 2-inch.

Therefore, Staff recommends that a total of \$101,813 be used instead of the Company's \$131,784 for this plant item.

Cc: Teena Wolfe